

## NEWS RELEASE

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### **CalWEA, Solar Developers, Propose Comprehensive CAISO Queue Reform**

The California Wind Energy Association (CalWEA) and three solar thermal development companies -- Ausra, Inc., Abengoa Solar, Inc. and BrightSource Energy -- today filed at FERC a comprehensive proposal to address the dysfunctional large generator interconnection process at the California Independent System Operator Corporation (CAISO). The CAISO has pending requests to interconnect nearly 60,000 MW of new generating capacity, about two-thirds of which is for renewable energy generation.

The proposal was appended to comments responding to the FERC's technical conference on December 11, 2007, which addressed broken interconnection queuing processes in many parts of the country which have lead to indefinite delays in the interconnection of new generating facilities to the power grid.

"The primary reason that California is not meeting its RPS goals is the lack of adequate transmission infrastructure and the broken interconnection process," said Nancy Rader, Executive Director of CalWEA. "The state's RPS goals will not be met unless that process is immediately and effectively reformed."

The CalWEA-Solar proposal addresses the current problem of sequentially studying generator interconnections, which duplicates system transmission planning and allocates significant cost responsibility for network upgrades onto the project that triggers the upgrade. This can cause projects to withdraw their service request and re-enter the queue at a lower position, requiring the CAISO to restudy the system impacts of lower-queued projects and potentially reallocate transmission upgrade cost responsibility. This leads to excessive delays and uncertainty for project developers, investors and power purchasers.

The CalWEA-Solar proposal would alleviate the queue backlog while preserving basic fairness for all interconnecting generating resources through the following reforms:

- Permit a limited waiver of existing queue rules to allow retroactive studies in geographical (*i.e.*, electrically-related) clusters.

- Study clusters of generating projects using a streamlined process to evaluate generators' transmission cost responsibility, and to provide the basis for an "earnest money" deposit to permit the generator to remain in the queue and proceed to the interconnection agreement stage. This streamlined approach would determine generator transmission cost responsibility within months of entering the queue, rather than potentially years later under the current approach.
- Fix the generator's transmission cost responsibility regardless of the decisions of other generators in the queue, eliminating the need for re-studies when queue changes occur.
- Design actual transmission facilities needed to interconnect new generators in the larger regional transmission expansion planning ("RTEP") process, which would consider interconnection of generators with signed interconnection agreements, along with system reliability needs and potential economic opportunities, and then design optimal facilities to meet all these needs in total.

The proposed approach has the following advantages:

- Allows real projects to commit to an interconnection agreement with reasonable cost and timing certainty;
- Establishes meaningful financial obligations for developers seeking to interconnect to the transmission grid as a means of weeding out speculative projects with no real commercial prospects;
- Integrates transmission planning for interconnecting generators with the RTEP process to produce transmission expansion plans that simultaneously meet multiple needs;
- Eliminates the need for participant funding for network upgrades;
- Clears the existing backlogged queue within a year by developing firm transmission cost responsibility figures that projects must accept to stay in the queue; and
- Establishes firm timelines (*e.g.*, four to six months) to complete future interconnection studies.

"We are very encouraged by the reception that our proposal is getting in many quarters," said Joshua Bar-Lev, Vice President of BrightSourceEnergy. "We look forward to the ISO's upcoming stakeholder process on queue reform, which we expect will seriously consider this proposal."

Hal Romanowitz, President of Oak Creek Energy Systems, Inc., commented, "When we embarked on finding a solution for the CAISO interconnection queue management problems, we decided to look for a solution that serves the needs of the entire industry, rather than only those

of generation developers. We believe that we have achieved our objective in this reform proposal.”

The FERC filing is available on CalWEA’s website at this link:

[http://www.calwea.org/pdfs/publicFilings2008/FERC\\_Comments\\_Wind\\_Solar\\_\(1-10-08\).pdf](http://www.calwea.org/pdfs/publicFilings2008/FERC_Comments_Wind_Solar_(1-10-08).pdf)